

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

09 - 14

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2009

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 430.12

7. FEDERAL BUDGET IMPACT:

a. FFY 09 \$ (306,191.00)

b. FFY 10 \$ (918,574.00)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B, page 1c

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Attachment 4.19-B, page 1c

10. SUBJECT OF AMENDMENT:

Pharmacy dispensing fee decrease

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Paul Reinhart, Director

Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Stephen Fitton

13. TYPED NAME:

Stephen Fitton

14. TITLE:

Acting Director, Medical Services Administration

15. DATE SUBMITTED:

September 30, 2009

16. RETURN TO:

Medical Services Administration
Program/Eligibility Policy Division - Federal Liaison Unit
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

22. TITLE:

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

*Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)*

2. Drug Product Reimbursement

- a) Reimbursement for drug products is the lower of an Average Wholesale Price (AWP) minus discounts, a Maximum Allowable Cost (MAC), or the provider's charge. The discount from AWP for chain pharmacies and pharmacies serving nursing facility beneficiaries is 15.1% and the discount from AWP for independent pharmacies, including chains of fewer than five stores, is 13.5%
- b) The State has established dispensing fees. Program reimbursement for long-term care pharmacies is the lesser of the standard dispensing fee (\$2.75) or the long-term care pharmacy's usual and customary fee. Program reimbursement for all other pharmacies (non long-term care) is the lesser of the standard dispensing fee (\$2.50) or the pharmacy's usual and customary fee. A dispensing fee of \$6.00 will be reimbursed to a pharmacy if the final dosage form is a cream, emulsion, nasal drops, ointments, or optic drugs. A dispensing fee of \$10.00 will be reimbursed to a pharmacy for compounded capsules, powders or suppositories.
- c) MAC Limits set by the State in aggregate are equal to or less than Federal Upper Limits, in compliance with federal law.
- d) Prior authorization is required for exception to MAC Limits.
- e) The optional Mail Order Pharmacy program reimburses a zero dollar (\$0.00) amount for the dispensing fee. Brand name drugs are reimbursed AWP minus 21%; generic drugs are reimbursed at the MAC Limits; and, non-MAC generic drugs are reimbursed AWP minus 52%.
- f) Medicaid enrolled pharmacy providers may bill for the injectable drug Synagis dispensed on or after January 1, 2005.

TN NO.: 09 – 14

Approval Date: _____

Effective Date: 07/01/2009

Supersedes
TN No.: 09 – 05